State Peace Officers & Firefighters (POFF) Supplemental Plan – FAQs

1. Why did the State of California cease the employer contribution to the POFF Supplemental Plan?

The State of California and the California Correctional Peace Officers Association negotiated a new labor agreement which includes the elimination of the employer contribution to the POFF Supplemental Plan.

- Effective April 1, 2011, the State of California will no longer contribute two percent (2%) of Unit 6 employees' base salary to the POFF Supplemental Plan.

- Effective as of the May 2011 pay period, the State of California will no longer contribute two percent (2%) of Unit 6 -- related excluded employees' base salary to the POFF Supplemental Plan, which includes supervisors, management and exempt positions.

2. What happens to my POFF Supplemental Plan assets since it was agreed to stop Employer Contributions to my POFF account? I have been told that the recent changes to our contract allow me to take a distribution immediately, is this correct?

All contributions made on your behalf and investment earnings on those amounts remain yours and are held for your benefit in your POFF Supplemental Plan account until you are eligible to receive a distribution.

Federal tax law limits the circumstances under which you can take a distribution from the POFF Supplemental Plan. Generally, distributions can be made when you have a severance from employment (meaning you permanently separate from employment with the State of California by leaving State service or retiring), die or become disabled.

At this time, there has been no change made regarding distributions. The assets will remain in your account until you are eligible for a distribution.

DPA and CalPERS representatives are currently exploring options that may allow some greater flexibility for current employees.

3. What distribution option do I have as an active employee of the State of California?

The POFF Supplemental Plan does not provide for in-service distributions, such as loans or plan-to-plan transfers. Accordingly, there are no distribution options while you are an active employee of the State of California.

4. **When can I take a withdrawal from my POFF account?**

   You are eligible to receive your account balance (contributions and earnings) once you permanently separate from employment with the State of California.

   - Temporary leaves of absence do not qualify as terminations.

   - If you have more than one position with the State of California, you must separate from all positions to become eligible for a distribution.

5. **Will I have other distribution options from my POFF account when I separate from employment with the State of California?**

   Yes, upon separation from employment with the State of California, you have the following options:

   - Defer distribution to a later date but no later than April 1st following the year you become age 70½.

   - Elect to receive installment payments over a period specified by you, provided you are entitled to a distribution that equals or exceeds $5,000, and pay federal and state taxes as payments are made.

   - Apply the balance to an existing service credit purchase under the CalPERS pension plan (although you generally may not make a new election to purchase service credit once you have separated from service).

   - Rollover the entire amount or a portion of your account balance into an IRA account, your State of California Savings Plus Program 401(k) Plan, or another qualified plan, if the plan accepts rollovers from the POFF Supplemental Plan.

     (NOTE: the State of California Savings Plus Program 457 Plan cannot accept POFF Supplemental Plan rollovers.)

   - Take a lump sum cash distribution of your entire account balance, and pay federal and state taxes.

6. **Will I have to pay taxes on my distribution:**

   Generally, distributions will be treated as ordinary income in the year the money is received and will be subject to federal and state withholding of income taxes. The plan administrator of the POFF Supplemental Plan is required to withhold 20% of all cash distributions at the time of payment for federal tax purposes. Rollovers to an IRA account (excluding Roth IRA), another qualified plan, or to pay off an existing service credit purchase under the CalPERS pension plan generally remain tax deferred.

7. **Are there any tax penalties on distributions?**

Pursuant to federal and state tax law, in addition to withholding taxes on the distribution, distributions received prior to age 59 ½ will generally be subject to a 10% federal excise tax and 2.5% state excise tax.

Exceptions exist to the tax penalty assessment on distributions, including:

- Payments made after separation from service if the separation occurred during or after the calendar year in which the participant reached age 55.
- Payments made because a participant has a qualifying disability.
- Payments made to a beneficiary (or to the estate of the participant) on or after the death of the participant.
- Payments made to an alternate payee under a Qualified Domestic Relations Order (QDRO).
- Payments made as a monthly allowance over your life.

There are additional exceptions to the tax penalty assessment which apply to monthly allowances. These are explained further in the *Distribution Request Package* which is automatically mailed to you after you have permanently from all employment with the State of California.

You can download a *Distribution Request Package* from the POFF Plan website https://poffsup.ingplans.com, or you can call the POFF Plan Information line at (888) 600-POFF (7633) and speak to a POFF Plan representative.

8. **How can I get my personal account information?**

Visit the POFF Supplemental Plan Website at https://POFFsup.ingplans.com

Call toll-free at (888) 600-POFF (7633) and speak to a POFF plan representative

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